

Peugeot Citroen and Mitsubishi Freeze Production in Russia as Sales Collapse

By [The Moscow Times](#)

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A man passing between Mitsubishi Motors Corp's vehicles is reflected on a mirror outside the company headquarters in Tokyo.

France's Peugeot Citroen and Japan's Mitsubishi have temporarily halted production of some models in Russia in response to a sharp downturn in car sales as the Russian economy contracts.

Peugeot Citroen on Monday halted production of its Citroen C4 and Peugeot 408 sedans until July 10 at the PSMA Rus plant in the Kaluga region, south of Moscow, Peugeot said in a press release.

The Kaluga factory is jointly owned with Mitsubishi, which on Monday began a shorter production freeze on its midsize crossover lines Outlander and Pajero Sport, according to the Vedomosti newspaper. Manufacture of the two vehicles will restart on May 12, the paper said.

Peugeot Citroen said the stoppage was caused by the difficult situation on the Russian market and a fall in demand. Peugeot sales fell 79 percent year-on-year in March to 545 vehicles sold, Citroen sales dropped 79 percent to 484 vehicles, and Mitsubishi sales fell 68 percent to 3,250 vehicles, according to data from the Association of European Businesses (AEB), a lobby group that monitors the auto market.

Overall car sales fell 42.5 percent year-on-year in March, the AEB said.

The car market slump comes as Russia's economy heads toward recession this year due to the double blow of low oil prices and Western sanctions over the Ukraine crisis. The ruble has fallen around 35 percent to the U.S. dollar since the start of last year, raising the price of imported cars and car parts.

Sixty-five percent of parts used to manufacture the Citroen C4 and Peugeot 408 models in Russia were imported from overseas, Peugeot said.

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